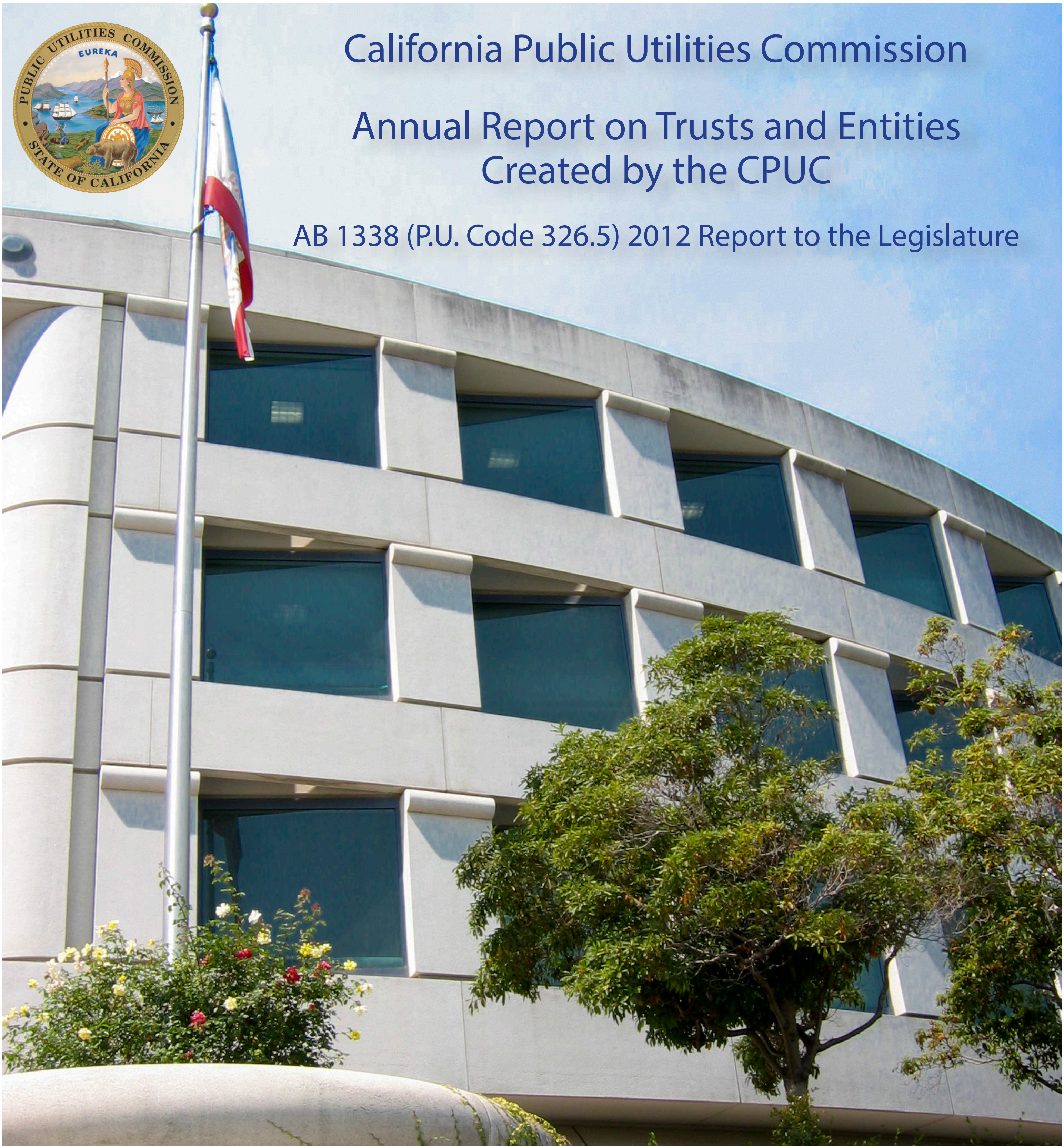
California Public Utilities Commission

Annual Report on Trusts and Entities Created by the CPUC

AB 1338 (P.U. Code 326.5) 2012 Report to the Legislature



Stewardship Council

CalCEF
California Clean Energy Fund

CETF
CALIFORNIA EMERGING TECHNOLOGY FUND

DCISC
DIABLO CANYON INDEPENDNT SAFETY COMMITTE

January 2013

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ASSEMBLY BILL 1338 (2008)

In September 2008, the California Legislature passed AB 1338, the state budget bill. The bill included a rider creating new Section 326.5 of the California Public Utilities Code. Among other things, the new law requires the Public Utilities Commission to report to the Legislature certain information concerning entities or programs created by order of the Commission.

SEC. 20. Section 326.5 is added to the Public Utilities Code, to read:

326.5. By January 10, 2009, and by January 10 of each year thereafter, the commission shall report to the Joint Legislative Budget Committee and appropriate fiscal and policy committees of the Legislature, on all sources and amounts of funding and actual and proposed expenditures, both in the two prior fiscal years and for the proposed fiscal year, including any costs to ratepayers, related to both of the following:

(a) Entities or programs established by the commission by order, decision, motion, settlement, or other action, including, but not limited to, the California Clean Energy Fund, the California Emerging Technology Fund, and the Pacific Forest and Watershed Lands Stewardship Council. The report shall contain descriptions of relevant issues, including, but not limited to, all of the following:

(1) Any governance structure established for an entity or program.
(2) Any staff or employees hired by or for the entity or program and their salaries and expenses.
(3) Any staff or employees transferred or loaned internally or interdepartmentally for the entity or program and their salaries and expenses.
(4) Any contracts entered into by the entity or program, the funding sources for those contracts, and the legislative authority under which the commission entered into the contract.
(5) The public process and oversight governing the entity or program's activities.

(b) Entities or programs established by the commission, other than those expressly authorized by statute, under the following sections:

(1) Section 379.6.
(2) Section 399.8.
(3) Section 739.1.
(4) Section 2790.
(5) Section 2851.

I. ENTITIES OR PROGRAMS ESTABLISHED BY THE COMMISSION (PUBLIC UTILITIES CODE SECTION 326.5(a))

A. THE PACIFIC FOREST WATERSHED LANDS STEWARDSHIP COUNCIL

BACKGROUND

The Pacific Forest and Watershed Lands Stewardship Council was formed as a result of CPUC Decision 03-12-035 dated December 18, 2003: *"Opinion Modifying the Proposed Settlement Agreement of Pacific Gas & Electric Company, PG&E Corporation and the Commission Staff, and Approving the Modified Settlement Agreement"*. Paragraph 6 of Section VI, Subsection C specified that a total of $100 million would be provided to the Stewardship Council for The Land Conservation Commitment and the Environmental Opportunity For Urban Youth. Paragraph 6 further stipulated that funding would be paid over 10 years, to be recovered in retail rates. The Stewardship Council does not receive any additional sources of funding at this time.

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The Stewardship Council has established an independent Audit Committee which oversees a full financial audit of the organization's financial statements and internal controls processes. This annual audit is available to the public via the Stewardship Council's website, as is the organization's IRS form 990: Return of Private Foundation. Their reports can be found at: http://www.stewardshipcouncil.org/public_information/audited_financial_statements.htm

In addition to supplying the most recently available audit report and tax return, this report outlines the additional information required by the Public Utilities Code 326.5.

(1) Any governance structure established for an entity or program.

a. Articles of Incorporation

http://www.stewardshipcouncil.org/documents/background%20documents/Articles_of_Incorporation.pdf

b. Bylaws

http://www.stewardshipcouncil.org/documents/background%20documents/Corporate%20Bylaws.pdf

c. Settlement Agreement

http://www.stewardshipcouncil.org/documents/background%20documents/Settlement%20Agreement.pdf

d. Stipulation Agreement

http://www.stewardshipcouncil.org/documents/background%20documents/Stipulation%20Signed.pdf

e. Policies and Procedures Supplied as a separate document – **Addendum 1** (available on CD) SC Policies & Procedures Complete as of 10.12.12.pdf

(2) Any staff or employees hired by or for the entity or program and their salaries and expenses.

a. Schedule of Employees and Compensation:

A summary of staff salaries and benefits are provided in **Table 1**, a more detailed breakdown of salaries and benefits for the top 5 officers is given in **Exhibit 1.1**.

Table 1 general breakdown of staff costs for 5 years to Dec 31, 2011, and 9 months ended Sep 30, 2012:

Year	Gross Pay	Benefits	401k	Total
2007	$616,416	$115,837	$17,951	$750,202
2008	$1,104,093	$197,132	$28,382	$1,330,496
2009	$1,341,280	$250,658	$39,568	$1,631,506
2010	$1,657,798	$314,535	$48,442	$2,020,775
2011	$1,590,718	$304,839	$47,210	$1,942,767
2012 (YTD)	$1,266,007	$253,142	$36,928	$1,556,075

(3) Any staff or employees transferred or loaned internally or interdepartmentally for the entity or program and their salaries and expenses.

No State staff are currently or ever have been loaned to this organization.

(4) Any contracts entered into by the entity or program, the funding sources for those contracts, and the legislative authority under which the commission entered into the contract.

a. Under the Settlement Agreement, Section 17(c), PG&E is obligated to fund the Stewardship Council annually over a ten year period and is authorized by the Commission to recover these payments in rates. However, the Commission is not a party to any of the contracts entered into by the Stewardship Council.

b. Schedule of professional fees

See Exhibit 1.2

(5) The public process and oversight governing the entity or program's activities.

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a. The Stipulation Agreement provides that:

1. “The meetings of the Governing Board [of the Stewardship Council], including meeting minutes, will be public… The Stewardship Council will publish notice of its meetings in newspapers of general circulation in the counties where affected parcels are located and will maintain a public web site… Before making decisions regarding the disposition of any individual parcel, the Stewardship Council will provide notice to the Board of Supervisors of the affected county, each affected city, town, and water supply entity, each affected Tribe and/or co-licensee, and each landowner located within one mile of the exterior boundary of the parcel, by mail or other effective manner.” (Section 11(c)).

2. “The Governing Board will make each decision by consensus” (Section 11(a) “Each member of the Governing Board will report to, and back from, the entity he or she represents before the Governing Board takes any programmatic action . . . in order to ensure that consensus represents the views of that entity.” (Section 11(b))

3. “The Stewardship Council will provide semi-annual progress reports to the Commission… Each such report will state (1) actual expenditures and progress achieved towards the stated purpose of the Land Conservation Commitment; (2) unresolved disputes within the Governing Board; and (3) anticipated expenditures and actions during the next reporting period.” (Section 14)

b. The Stewardship Council’s corporate bylaws provide as follows

Section 11. Public Notice of Meetings.

1) All meetings of the Board, including meeting minutes, shall be public; provided, however, that the Board shall have the authority to undertake a closed meeting in appropriate circumstances. The Board shall publish notice of its meetings in newspapers of general circulation in the affected counties within a reasonable time prior to any meeting and shall maintain a public web site that provides notices of its meetings and copies of all meeting minutes. Upon request, all information available on the web site shall be made available in hard copy to members of the public at cost.

1. Before the Board makes any decision regarding any individual parcel of land, the Board shall provide notice to the Board of Supervisors of the affected county, each affected city, town and water supply entity, each affected tribe and/or co-licensee and each landowner located within one mile of the exterior boundary of the parcel, by mail or other effective manner within a reasonable time prior to the meeting at which the Board will make the decision regarding that land.

c. The board-adopted Policies and Procedures include the following:

The Stewardship Council is required to “publish notice of its meetings in newspapers of general circulation in the counties where affected parcels are located...” It is also required by its Bylaws to “publish notice of its meetings in newspapers of general circulation in the affected counties within a reasonable time prior to any meeting…” Staff will be responsible for meeting the letter and spirit of these requirements through an inclusive and comprehensive public outreach effort.

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Stewardship Council 2012 Public Outreach Activities, Targeted Media Outreach and Noticing

1. The Stewardship Council sent out 26 e-mails to its stakeholders regarding Youth Investment Program/Foundation for Youth Investment updates and information, Land Conservation program updates and information, and public Council board meeting announcements, totaling more than 123,779 individual e-mails sent.
2. Notifications were mailed to 26 neighboring property owners, the Board of Supervisors of the affected county, each affected city, town and water supply entity, and each affected tribe regarding the proposed Kennedy Meadows Land Conversation and Conveyance Plan (LCCP). The notification explained how stakeholders could submit public comments on the draft LCCP.
3. News releases announcing public board meetings were sent to the Stewardship Council media database, which includes more than 1,000 media outlet representatives.
4. The Stewardship Council requested 20 legal notices to be printed in local papers, noticing the six public board meetings. Notices were printed in the paper where the board meetings were held.
5. Five notices were disseminated requesting public comment on the draft guidelines regarding the satisfaction of property tax neutrality, resulting in 21,340 individual emails sent.
6. The Stewardship Council's 2011 annual report was posted to the website and distributed via email to approximately 6,000 stakeholders,

As of November 1, 2012, The Stewardship Council database included 12,800 individuals at 4,823 organizations (federal, state and local agencies, nonprofits, schools, tribal entities, foundations and for-profit businesses).

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B. THE CALIFORNIA CLEAN ENERGY FUND

BACKGROUND

The California Clean Energy Fund was established via the bankruptcy settlement between Pacific Gas and Electric Company and the California Public Utilities Commission with CPUC Decision 03-12-035 in Investigation 02-04-026. Funding for CalCEF, $30 million distributed by PG&E over five years, derives from shareholders, not ratepayers, per the terms of the settlement agreement. CalCEF is structured as an independent 501(c)4 nonprofit corporation, and deploys these settlement funds consistent with its nonprofit mission: supporting clean technology development via investment partnerships, business strategies and public policy initiatives. CalCEF Innovations, a related but legally separate 501(c)3 corporation, receives grant funding from CalCEF and outside entities to support its public policy and market development efforts. In no instances has CalCEF or CalCEF Innovations received funding from utility ratepayers.

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(1) Any governance structure established for an entity or program.

CalCEF is governed by a board of 9 directors under its incorporation charter and bylaws filed in 2004; copies of the both charter and bylaws are provided in separate documents (**Addendum 2**) (Available on CD).

a. Articles of Incorporation:

CalCEF Articles of Incorporation and Charter are provided in a separate file: **Addendum 2** CalCEF Incorporation and Bylaws. (Available on CD)

b. *Bylaws:*

CalCEF Bylaws are provided in a separate document: **Addendum 2** CalCEF Incorporation and Bylaws (Available on CD)

CalCEF Innovations bylaws are provided in a separate document: **Addendum 3** CalCEF Innovation Bylaws (Available on CD)

b. Settlement Agreement:

D.03-12-035 appendix B 18 a-c
http://docs.cpuc.ca.gov/Published/Final_decision/32687.htm

d. *Stipulation Agreement:*

No Stipulation Agreement found

e. *Policies and Procedures:*

CalCEF policies and Procedures are provided in a separate document: **Addendum 2** CalCEF Incorporation and Bylaws (Available on CD)

(2) Any staff or employees hired by or for the entity or program and their salaries and expenses.

CalCEF and its sister organization CalCEF Innovations employ 3 staff members directly. A summary of staff salaries and benefits are provided in **Table 2**:

Table 2 - General breakdown of staff costs for six years to December 31, 2011:

	Gross Pay	Benefits	Total
2005	$175,000	$1,848	$176,848
2006	$145,833	$3,707	$149,540
2007	$210,000	$5,234	$215,234
2008	$166,083	$6,347	$172,430
2009	$175,481	$11,324	$186,805
2010	$205,270	$16,364	$221,634
2011	$225,167	$17,115	$242,302

Note: CalCEF Tax returns are submitted mid-year, so 2011 returns will not be prepared until mid-2013; therefore information is provided on the six most recently available years.

(3) Any staff or employees transferred or loaned internally or interdepartmentally for the entity or program and their salaries and expenses.

No State staff are currently or ever have been loaned to this organization.

(4) Any contracts entered into by the entity or program, the funding sources for those contracts, and the legislative authority under which the commission entered into the contract.

CalCEF's initial funding of $30 million comes from PG&E shareholders. The funding schedule extends over a five-year period as follows: $2 million in 2004, $4 million in 2005, $6 million in 2006, $8 million in 2007, and $10 million in 2008. Minor funding from other entities has been made by way of donations to CalCEF (Exhibit 2.1). PG&E's role in CalCEF is limited to providing the initial $30 million in funding and appointing three of the initial nine Board members. Authority for this funding was given in CPUC decision D03-12-035, upon settlement of PG&E's bankruptcy.

CalCEF has invested in new technology ventures by entering into partnering contracts with three for profit venture capital partners: Nth Power; VantagePoint Venture Partners; Element Partners (a list of investment ventures is provided in Exhibit 2.2). In 2006 CalCEF made a grant of $0.5 million to UC Davis for the development of the Energy Efficiency Center, and in 2007 made a second grant of $0.5 million per the terms of the grant agreement. In 2008 the CalCEF Clean Energy Angel Fund was established and in 2008 the sister organization CalCEF Innovation was set-up with $0.5 million to address important gaps in public policy regarding motivation of clean energy technology and business solutions, and to pursue needed policy making and public benefit goals. In 2011 and 2012 CalCEF established two new investment vehicles, in 2011 Clean Energy Advantage Partners and in 2012 Renewable Energy Trust. The investment objectives and distribution of funding among the partners and grantees is shown in Table 3.

Table 3 – *Breakdown of investment distribution between venture capital management partners and grantees*

Year of Investment	Investment Partner	Objective	Total Investment/Grant
2005	DFJ Element Clean Energy Fund, LLP	Support companies solving resource constraint problems	$8 million
2005	Nth Power Clean Energy Fund, LLP	Build relationships that speed the growth of new energy technologies	$8.5 million
2006	Vantage Point Venture Partners	New Clean Energy Technology Investment	$8 million
2006	UC Davis	Energy Efficiency Center	$1 million
2007	CalCEF Clean Angel Fund	Start-up/seed stage investment fund in the clean energy and related technologies markets.	$1 million
2008	CalCEF Innovations	Provide funding for public policy and market strategy development.	$0.5 million
2009	Cleantech Open	Provide funding for entrepreneurship and problem-solving around energy and environmental challenges	$0.05 million
2010	UC Davis	Energy Efficiency Center	$0.05 million
2010	Cleantech Open	Provide funding for entrepreneurship and problem-solving around energy and environmental challenges	$0.05 million
2011	CalCEF Innovations	Provide funding for public policy and market strategy development.	$0.3 million
2011	Clean Energy Advantage Partners	Tax equity investment fund that deploys capital for renewable energy projects	$0.4 million
2011	Cleantech Open	Provide funding for entrepreneurship and problem-solving around energy and environmental challenges	$0.05 million
2011	UC Davis	Energy Efficiency Center	$0.05 million
2012	CalCEF Innovations	Provide funding for public policy and market strategy development.	$0.3 million
2012	UC Davis	Energy Efficiency Center	$0.1 million
2012	Renewable Energy Trust	Solar PV investment fund that deploys capital for renewable energy projects.	$0.65 million

(5) The public process and oversight governing the entity or program's activities.

CalCEF is an non-profit 501(c)4 corporation. It is not funded through either direct taxation or via energy ratepayers; it is subject to public oversight as suits its nonprofit organization status.

C. THE CALIFORNIA EMERGING TECHNOLOGY FUND

BACKGROUND

The California Emerging Technology Fund (CETF) was established as a non-profit corporation pursuant to orders from the California Public Utilities Commission (CPUC) in approving the mergers of SBC-AT&T and Verizon-MCI in 2005. As a condition of approval of the mergers, AT&T and Verizon were required to contribute to CETF a total of $60 million over 5 years "for the purpose of achieving ubiquitous access to broadband and advanced services in California, particularly in underserved communities, through the use of emerging technologies by 2010." The funds were transferred by both companies by 2010. The funds have not yet been exhausted.

The CPUC stated that CETF should pursue the goals of expanding adoption and usage of broadband technology in addition to promoting ubiquitous access: "We understand that without computers and computer literacy neither availability nor access will ensure use. It is low use that is at the heart of the digital divide. CETF should consider the possibility of public/private partnerships to develop community broadband access points that provide both."

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(1) Any governance structure established for an entity or program.
The CPUC orders specified the composition and process for constituting the 12-person CETF Board of Directors: four were to be appointed by the CPUC, four were to be appointed by the companies (three by SBC, of which only one could be an employee, and one by Verizon), and these eight were to appoint the remaining four. Initial appointments were made in April 2006 and the Board was fully constituted by the end of June 2006.

Board membership may be found here: http://cetfund.org/aboutus/board

a. Articles of Incorporation— http://cetfund.org/governance/articles-incorporation

b. Bylaws— http://cetfund.org/governance/bylaws

c. Settlement Agreement—The Decisions authorizing the mergers and the creation of CETF are D.05-11-028 and D.05-11-029.

The CPUC's website devoted to the SBC-AT&T merger is here:
http://www.cpuc.ca.gov/PUC/hottopics/2Telco/archive/A0502027.htm

The Decision authorizing the acquisition of MCI by Verizon is here:
http://cetfund.org/files/cpuc_verizon_mci_merger_decision.pdf

e. Stipulation Agreement—No Stipulation agreement is given for this entity.

f. Policies and Procedures—See Attachment A.

(2) Any staff or employees hired by or for the entity or program and their salaries and expenses.
Schedule of employees with salaries and expenses. New staff in Fall 2010: 2 NTIA Portfolio Managers

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Year	**Gross Pay**	**Benefits**	**Total***
July 2008-June 2009	$ 977,577	$153,427	$1,131,004
July 2009-June 2010	$1,126,019	$241,568	$1,367,587
July 2010-June 2011	$1,247,106	$267,799	$1,514,905
July 2011-June 2012	$1,320,427	$286,904	$1,607,331

*These numbers reflect audited financials. Benefits include employer retirement contribution.

(3) Any staff or employees transferred or loaned internally or interdepartmentally for the entity or program and their salaries and expenses.

None. There are no state employees at CETF, nor have there ever been any loaned or transferred state employees.

(4) Any contracts entered into by the entity or program, the funding sources for those contracts, and the legislative authority under which the commission entered into the contract.

a. Schedule of contracts.
There are professional contracts and agreements with grantees.   The contracts are listed below. For the grantees the Status of Current Grants, in Attachment B, describes the project, the grant amount and the deliverables and outcomes. The deliverables and outcomes are important to establish the management and oversight of the grantees. These numbers are for the fiscal year July 2011 – June 2012. There is also a list of completed grants in Attachment C.

Accounting	Total	$ 72,474
Consortia for Adoption	Total	$ 20,000
Consortia for Deployment	Total	$ 14,300
IT Tech Support	Total	$ 21,087
Legal Counsel	Total	$ 5,207
Plan Administrators	Total	$ 5,176
Printing	Total	$ 23,662
Public Awareness and Education	Total	$348,058
School2Home Consultants	Total	$162,642
Website Support/Online Grant Services	Total	$ 12,323

b. Schedule of contracts. Source of funding for contracts. Under the mergers of AT&T/SBC and Verizon/MCI approved by the CPUC, both companies are obligated to fund CETF annually over a five year period for a total of $60 million. This funding is from the shareholders of each company and not the ratepayers. Both companies have completed their payments. During the 2010 fiscal year CETF was awarded two federal grants from the

National Telecommunications Information Agency (NTIA) for a total of $14.2 million which will be completed in FY 2012-2013.

(5) The public process and oversight governing the entity or program's activities.

CETF is incorporated as a California 501(c)3 non-profit corporation as a public benefit corporation. It has a Board of Directors that provides oversight. CETF was established with shareholder funds from AT&T and Verizon. There were no ratepayer funds in the seed capital that funded CETF.

CETF does share a progress report with the CPUC annually. Sunne Wright McPeak, President and CEO of CETF presented to the CPUC October 6, 2011. A copy is in Attachment D.

The California Broadband Council (CBC) which was established to marshal the state's resources to further the policy of increasing broadband network deployment, and eliminating the Digital Divide by expanding broadband accessibility, literacy, adoption, and usage. While CETF President and CEO, Sunne McPeak, is a member of the CBC, CETF has made presentations on policy issues and grant programs to this group.

CETF publishes an annual report describing the grants to date, the metrics, and outcomes of the investments, and detailed financial information. In addition to mailing printed copies CETF distributes an electronic copy to everyone who signed up on the CETF website. It is also posted on the organization's website at: http://www.cetfund.org/annualreports.

The IRS 990s for the past three years are in Attachment E.

CETF hosts a wide range of public forums during the year, including a meeting with its Expert Advisors, Rural and Urban Consortia, and grantees all designed to provide and solicit information about the grants and future directions.

CETF is required by California law to comply with the Non-Profit Integrity Act of 2004. CETF has established an independent Audit Committee which oversees a full financial audit of the financial statements. All the audits are on the CETF website at: http://www.cetfund.org/aboutus/finances/audit.

(6) All sources and amounts of funding and actual and proposed expenditures, both in the two prior fiscal years, and for the proposed fiscal year, including any costs to ratepayers.

a. Sources and amounts of funding. Under the mergers of AT&T/SBC and Verizon/MCI approved by the CPUC, both companies were obligated to fund CETF annually over a five year period for a total of $60 million. This funding is from the shareholders of each company and not the ratepayers and is paid in full.

   During the 2010 fiscal year CETF was awarded two federal grants from the National Telecommunications Information Agency (NTIA) for a total of $14.2 million which will be completed in FY 2012-2013.

b. Actual and proposed expenditures. The audit financial statements are available at the www.cetfund.org for the past 3 fiscal years. The budget (projected expenses) for the current fiscal year is Attachment F.

c. Costs to ratepayers. None of the costs are charged to ratepayers.

Quick Facts

1. Contributions from AT&T and Verizon were completed as of December 2010, $60,000,000.
2. Grants approved through June 2012, $25,846,796.
3. Seed Capital committed through June 2012, $26,100,000.
4. Four fold match goal of seed capital exceeded as of June 2012 (1:4), $94,799,266.

Major Highlights and Accomplishments from 2011 - 2012

1. Exceeded goals for one of the NTIA grants: Broadband Awareness and Adoption for Training and Adoption by 106% for 718,741 and by 149% for 198,714 respectively.

2. Organized and presented second Annual Don and Rosemary Vial Awards.

3. Expanded, through NTIA grants, public awareness and education program called ***Get Connected!*** (www.GetConnectedToday.com) to assist non-subscribers understand the benefits of being connected to broadband. CETF organized and convened 12 *Get Connected!* Roundtables reaching 112 unique organizations in five regions: SF Bay Area, Central Valley, Los Angeles, Santa Clara Area, San Bernardino.

4. Of the original 51 grants, 40 are now complete. Reports for the projects are posted at: http://www.cetfund.org/investments/reports/.

5. Secured support from 48 of 52 counties for the ***Get Connected!*** resolution indicating broadband is an increasing priority for local government.

6. Sunne Wright McPeak served as secretariat for the California Broadband Regional Consortia Network and Treasurer for the California Telehealth Network.

7. Developed framework for CETF 3.0, *Get Connected!* grants, in FY 2012-2013.

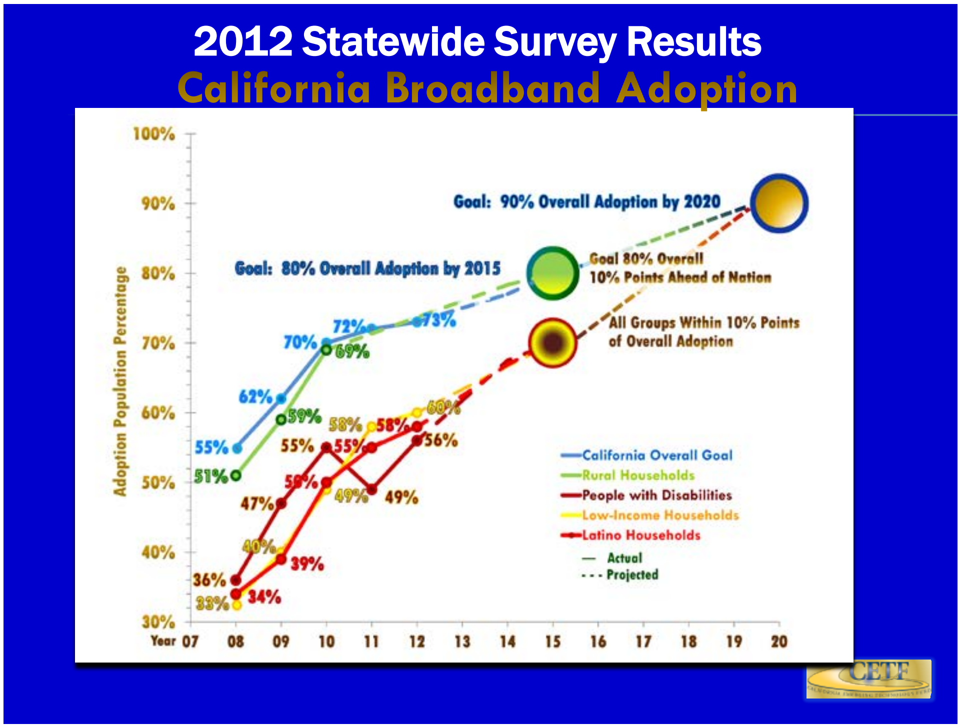
8. Convened 1st statewide Regional Leadership Summit to prepare for CASF implementation.

9. School2Home completed training for 2,600 students and parents as well as 40 teachers and staff in 4 schools. The evaluation showed improved test scores and:
   - Increased engagement with learning.
   - Initiative taken by students in using the Internet to do research for assignments.
   - Decreased number of discipline referrals.
   - Increased scores at two schools in Language Arts (CST).

   School2Home is set to serve, in FY 2012-2013, 4,600 students and their parents, and 186 teachers in 7 schools statewide.

10. Contributed to the significant increase in adoption among low-income populations, especially in Los Angeles and the Central Valley, as measured by the annual survey the Public Policy Institute of California, with support from CETF and ZeroDivide. The latest

survey results from PPIC are from August 2012 The first chart below shows progress overtime and second show the progress from 2008 to 2012:



Progress in Closing the Digital Divide in California

PPIC-CETF-ZeroDivide 2012 Statewide Survey

	Internet Use		Broadband at Home	
	2008	2012	2008	2012
All Californians	70%	87%	55%	73%
Under $40,000 AHI	49%	79%	33%	60%
Latinos	48%	78%	34%	58%
With Disability	57%	76%	36%	56%
Los Angeles	61%	86%	48%	69%
Rural	63%	81%*	51%	69%*

** As of 2010*

Please feel free to contact Sunne Wright McPeak or Susan Walters at 415-744-2383 if you have questions or need additional information.

D. THE DIABLO CANYON INDEPENDENT SAFETY COMMITTEE

BACKGROUND

The Diablo Canyon Independent Safety Committee ("DCISC") was established as a part of a settlement agreement entered into in June 1988 between the Division of Ratepayer Advocates of the California Public Utilities Commission ("CPUC"), the Attorney General for the State of California, and Pacific Gas and Electric Company ("PG&E") concerning the operation of the two units of PG&E's Diablo Canyon Nuclear Power Plant ("Diablo Canyon"). The agreement provided that:

> "An Independent Safety Committee shall be established consisting of three members, one each appointed by the **Governor of the State of California**, the **Attorney General,** and the **Chairperson of the California Energy Commission**, respectively, serving staggered three-year terms. The Committee shall review Diablo Canyon operations for the purpose of assessing the safety of operations and suggesting any recommendations for safe operations. Neither the Committee nor its members shall have any responsibility or authority for plant operations, and they shall have no authority to direct PG&E personnel. The Committee shall conform in all respects to applicable federal laws, regulations and Nuclear Regulatory Commission ('NRC') policies."

The committee acts as an advisory body and has no independent budget.

On January 25, 2007, the CPUC approved a modified charter for the Safety Committee in D.07-01-028. Section 1.B of the new charter concerns appointments of Committee members. It states that candidates for the Committee membership shall be selected from those applicants responding to an open request for application. The CPUC shall provide for public comment on the applicants' qualifications and potential conflicts of interest. The President of the CPUC shall review the applicants' qualifications, experience, and background, including any conflict of interest, together with any public comments, and shall propose as candidates to the appointing authority only persons with knowledge, background, and experience in the field of nuclear power plants and nuclear safety issues. The CPUC Energy Division shall prepare and circulate for public comment, and place on the CPUC public agenda a resolution ratifying the President's selection of candidates.

Currently there is one vacancy on the Diablo Canyon Independent Safety Committee for a three-year term that begins on or after July 1, 2013 and ends on June 30, 2016. This vacancy is to be filled by a nominee to be appointed by the California Attorney General. The CPUC will begin soliciting applications soon for a nominee for this appointment.

E. NUCLEAR DECOMMISSIONING TRUSTS

BACKGROUND
In OII 86 the CPUC conducted an investigation into methods of financing the cost of decommissioning California's nuclear power plants. As a result, in D.87-05-062, the CPUC adopted externally managed trusts as the vehicles for accruing decommissioning funds. Two types of funds were established.

1. The *Qualified Trust* funds are contributions that qualify for an income tax deduction under Section 468A of the IRS Code.

2. The *Non-qualified Trust* funds are those contributions that do not qualify for an income tax deduction.

Each utility has a Committee made up of 5 members who are responsible for directing and managing their decommissioning trusts. Two of the Committee members are utility affiliated. The three that are not affiliated with the utility are the CPUC-approved members that serve a term of five years. The Committee appoints trustees and investment managers. On November 25, 1987, Resolutions E-3060, E-3048, and E-3057 approved, respectively, San Diego Gas & Electric's (SDG&E), PG&E's, and Edison's (SCE) Master Trust Agreements.

The utilities employ a stable of investment managers and advisors for their decommissioning trusts.

Investment Managers

SDG&E:
- PIMCO [Qualified trust Fixed income]
- State Street Global Advisors [Qualified trust US & Foreign equity]
- Neuberger Berman [Fixed income for qualified trust]
- Payden & Rygel [Fixed income for qualified trust]
- JP Morgan [Qualified trust fixed income]
- Lazard [Qualified trust fixed income]
- AllianceBernstein [Qualified / non-qualified trust fixed income]

PG&E:
- Black Rock Financial Management [Qualified/non-qualified trust fixed income].
- NISA Investment Advisors [Qualified trust fixed income]
- State Street Global Advisors [Qualified/non-qualified trust US equities]
- PanAgora Asset Management [Non-US equities]
- Black Rock Financial Management [Non-qual. fixed income]
- Earnest Partners [Qualified. fixed income]

SCE:
- STW Fixed Income Management [Qualified trust fixed income]
- Black Rock Financial Management [Qualified trust fixed income]
- AllianceBernstein [Qualified trust fixed income]
- PanAgora Asset Management [Qualified trust international equity assets]

- Rhumbline Advisers [Qualified trust US equity assets]
- RCM [Non-qualified trust US equity assets]
- SSGA [Qualified/non-qualified US equity assets]
- PIMCO [Qualified/non-qualified fixed income assets]

Trustee
Mellon Bank N.A. acts as the trustee for SDG&E, PG&E and SCE Decommissioning Trusts by providing custody, record keeping, accounting, taxation, and reporting services on behalf of the trusts.

The Nuclear Regulatory Commission (NRC) has some basic regulations that must be followed regarding decommissioning**.** These are:

1. Licensees are required to have sufficient funds to decommission the plant so that it [NRC] can terminate the license [10 CFR 50.75]. The utilities with nuclear plants file a report every two years with the NRC showing estimated decommissioning costs according to the NRC methodology, and how much money has been set aside for that purpose. The NRC definition of decommissioning is related only to the 'nuclear' portion of the plant. In California, decommissioning also includes restoring the site to its original condition, which includes additional activities and which requires accumulation of more funds.

2. After permanent plant shutdown, certain activities may not be performed that would prevent completion of decommissioning [10 CFR 50.82(6)].

Currently the Commission is undertaking a comprehensive review of the management and administration of these externally managed nuclear decommissioning trust funds for each of the three major investor-owned electric utilities. The final Decision will be issued in 2013. Details will be specified in the 2013 update of this report.

II. ENTITIES OR PROGRAMS ESTABLISHED BY THE COMMISSION (PUBLIC UTILITIES CODE SECTION 326.5(b))

A. 21st CENTURY ENERGY SYSTEMS (CES-21 – COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENT)

Background
On December 20, 2012, the Commission authorized the "21st Century Energy Systems" (CES-21) in D. 12-12-031 (Decision). The Decision authorized development of a five-year "Cooperative Research and Development Agreement " (CRADA), between Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) and the Lawrence Livermore National Laboratories (LLNL).

The CRADA must restrict research to four promising areas that are inherently related to the research goals identified in PUC § 740.1: Gas Operations, Electric Operations, Electric Resource Planning, and Cyber Security.

The authorized agreement allows the utilities to spend up to $30 million a year for five years on research activities, for a total cost not exceeding $152.19 million over the five year period. The entire project cost will be funded by utility ratepayers and the Decision has allocated 55% of the costs to PG&E, 35% of costs to SCE, and 10% of the costs to SDG&E.

The benefits from the research projects undertaken by this program are estimated to be around $552 million by 2020. These savings will result from improved resource planning related to the integration of renewables into the grid, potential substantial savings over the next five years from improvements in natural gas operations, improved safety and reliability from enhanced capabilities to model electricity and gas flows, and improvements in cyber security.

Board of Directors
The Governance Structure for CES-21 consists of a Board of Directors, with three members chosen one each from the participating utilities, and three members chosen by the utilities, reflecting relevant experience in research and/or academic institutes. Projects approved for funding under CRADA must meet specified criteria as adopted in the Decision:

1. The total research expenditures in a given year must not exceed $30 million.
2. Each research project should demonstrate that it falls within the four approved areas.
3. Each research proposal must have the support of a majority of the Board of Directors and must provide an explanation if a proposed project will not be funded by all utilities.
4. Each proposed research project shall also include a "business case" analysis, as described in the application, and which, among other things, shall show that projected benefits exceed projected costs and that the research is not duplicative.

Public Process and Commission Oversight
According to the Decision, Commission oversight of CRADA expenditures will be exercised through consideration of an annual Tier 3 advice letter process. The annual Tier 3 advice letter filing should include, at a minimum, the proposed research projects that will be conducted in the upcoming year.

The Board of Directors should hold a public workshop, including members of the California Public Utilities Commission, at least 45 days prior to the filing of each advice letter to discuss research priorities and explain the business case analysis prepared for proposed research projects.

Additionally, the CES-21 Board of Directors shall submit an annual report to the Executive Director of the Commission that provides information on the operations of the project, including the research projects funded, the results of the research, the efforts made to involve academics and other third parties, and the intellectual property that results from the research.

Any commercialization of intellectual property or other value produced or derived from CRADA projects shall be licensed, sold, or otherwise encumbered only upon Commission approval pursuant to PUC § 851. Licensing of intellectual property must be done on fair, reasonable, and non-discriminatory terms, including but not limited to a fair and reasonable licensing cost.

The CES-21 Decision established a deadline of March 30, 2013, for the utilities and LLNL to file the CRADA contract, along with a proposed implementation plan and detail of first year projects, as a Tier 3 advice letter. The Commission will review this filing to ensure its consistency with the policy requirements adopted in its Decision.

EXHIBITS

Exhibit 1.1 Pacific Forest and Watershed Lands Stewardship Council

Schedule of Employee Compensation for Active Employees
Active Employees as of YTD 09/30/2012

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	132,872	20,310	5,269	158,451
Director of Land Conservation	123,494	13,620	4,940	142,054
Director of Youth Investment	96,000	20,487	3,840	120,327
Director of Finance	85,388	17,332	3,416	106,136
Director of Development	83,798	14,268	0	98,066
Other Staff (15 positions)	744,455	167,124	19,464	931,043
Grand Total (20 positions)	1,266,007	253,141	36,929	1,556,077

Schedule of Employee Compensation for Active Employees
Active Employees as of 12/31/2011

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	175,000	25,032	6,996	207,028
Director of Land Conservation	158,964	16,866	6,355	182,185
General Counsel	153,600	22,556	3,072	179,228
Director of Youth Investment	127,946	24,723	5,093	157,762
Deputy Director of Land Conservation	108,754	18,111	4,348	131,213
Other Staff (16 positions)	866,454	197,552	21,345	1,085,351
Grand Total (21 positions)	1,590,718	304,839	47,210	1,942,767

Schedule of Employee Compensation for Active Employees
Active Employees as of 12/31/2010

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	175,000	22,671	7,000	204,671
Director of Land Conservation	153,513	21,727	3,070	178,310
General Counsel	153,801	17,560	6,152	177,512
Director of Youth Investment	125,033	23,093	5,001	153,127
Director of Finance	100,000	17,557	3,667	121,224
Other Staff (16 positions)	950,451	211,928	23,552	1,185,931
Grand Total (21 positions)	1,657,798	314,535	48,442	2,020,775

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Active Employees as of 12/31/2009

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	153,125	3,500	20,795	177,420
Director of Land Conservation	146,000	7,790	20,834	174,624
General Counsel	147,700	2,708	21,180	171,588
Director of Youth Investment	120,492	5,373	20,066	145,931
Director of Finance	89,216	3,569	18,593	111,377
Other Staff (15 positions)	684,747	16,629	149,190	850,566
Grand Total (20 positions)	1,341,280	39,568	250,658	1,631,506

Active Employees as of 12/31/2008

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	181,111	23,302	7,244	211,657
Director of Land Conservation	139,833	18,923	3,553	162,310
General Counsel	139,941	21,410	0	161,351
Director of Youth Investment	113,328	19,055	4,533	136,916
Finance Manager	84,276	16,231	3,208	103,715
Other Staff (10 positions)	446,494	98,211	9,843	554,548
Grand Total (15 positions)	1,104,983	197,132	28,382	1,330,496

Active Employees as of 12/31/2007

Title	Gross Pay	Medical & Fringe	401k	Total
Executive Director	172,323	22,242	6,893	201,457
Director of Youth Investment	96,688	17,378	3,868	117,933
Finance Manager	80,732	15,632	3,229	99,593
Other Staff (8 positions)	266,674	60,585	3,961	331,218
Grand Total (11 positions)	616,416	115,837	17,951	750,202

Exhibit 1.2 Pacific Forest and Watershed Lands Stewardship Council

Schedule of Professional Fees
As of 09/30/2012
Presented by G/L Category

G/L Category	Total Paid
Total Legal Fees:	$50,482
Total Accounting Fees:	$38,810
Total Investment Management Fees:	$70,986
Total Land Planning	$24,685
Total Youth Investment	$2,600
Total Professional Services	$10,360
Total Graphics/Media/PR:	$28,354
Total Land Transfer Costs	$33,584
Total Consultant Expense	**$259,861**

Exhibit 2.1
California Clean Energy Fund

Donating Entities to CALCEF

Date	Contributing Entities	Contribution
2005	Dewy Ballantine LLP	$20,000
2005	Cooley Goward	$10,000
2005	PG& E	$4,050,000
2006	Dewy Ballantine LLP	$20,000
2006	PG&E	$6,000,000
2007	Dewey Ballantine LLP	$20,000
2007	Nth Power Clean Energy Fund LP	$20,000
2007	DFJ Alta Terra Clean Energy Fund	$20,000
2007	PG&E	$8,000,000
2008	PG&E	$10,000,000

Exhibit 2.2

California Clean Energy Fund

Investment Summary
CalCEF has invested in the following projects via their four venture capital partners , Nth Power, VantagePoint Venture Partners, Element Partners, and the CalCEF Clean Energy Angel Fund.

Year of First Investment	Entity
2005	CoalTek Inc.
2005	Imperium Renewables
2005	SpectraSensors Inc.
2005	SuperProtonic Inc.
2006	Angstrom Power
2006	Arxx Corporation
2006	Blue Egg Inc.
2006	Bright Source Energy Inc.
2006	Chemrec AB
2006	Cobalt Technologies Inc.
2006	Deeya Energy Inc.
2006	Fat Spaniel Tech. Inc.
2006	Imara Corporation
2006	Mascoma Corp.
2006	Miartech Inc.
2006	Microposite Inc.
2006	Microposite Inc.
2006	PPT Research Inc.
2006	Solar Century
2006	Soliant Energy Inc.
2006	Synapsense Corp.
2006	Tesla Motors Inc.
2006	Thetus Corp.
2007	BioFuelBox Corporation
2007	BridgeLux
2007	DynaPump Inc.
2007	Earthanol Inc.
2007	Energex
2007	LumaSense LLC.
2007	Petra Solar Inc.
2007	Premium Power Corp.
2007	TerraPass Inc.
2007	Think Global AS
2007	Tioga Energy Inc.
2007	Wasatch Wind Inc.
2007	Xerocoat
2007	Ze-gen
2008	EdenIQ
2008	Senergen
2009	Allopartis Biotechnologies
2009	HID Labs
2010	REEL Solar
2011	Alphabet Energy
2012	Boulder Ionics

Exhibit 3.1
CALIFORNIA EMERGING TECHNOLOGY FUND (CETF)

Consultant Fees and Expenses

Schedule of Consultant Expenses FY July 2006-June 2007
Presented by G/L Category G/L Account Total Paid
Legal Fees $4,200
Plan Administrators $1,950
Accounting $13,055
Website Support $15,250
Total Consultant Expenses $34,455

Schedule of Consultant Expenses FY July 2007-June 2008
Presented by G/L Category G/L Account Total Paid
Team Assistance $124,140
Plan Administrators $3,195
Bookkeeping $11,000
Accounting $10,456
Advisor Fees $83,289
IT Tech Support $10,965
Website Support $24,746
Online Grants Service $10,000
Total Consultant Expenses $277,791

Schedule of Consultant Expenses July 2008- Nov 2008
Presented by G/L Category G/L Account Total Paid
Plan Administrators $2,505
Bookkeeping $6,000
Accounting $5,000
Annual Audit $11,250
Advisor Fees $45,245
IT Tech Support $4,660
Website Support $17,429
Total Consultant Expenses $92,089

Schedule of Consultant Expenses FY July 2008-June 2009
Presented by G/L Category G/L Account Total Paid
Legal Fees $6,888
Plan Administrators $23,087
Accounting $46,300
Website Support $37,799
Conferences $69,814
Other consultant $809,377
Other $6,222
Total Consultant Expenses $999,487